

Message Text

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ACTION NEA-10

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TO SECSTATE WASHDC 7514

INFO AMEMBASSY JIDDA

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E.O. 11652: GDS

TAGS: EAID, YE, SA

SUBJECT: YARG DEVELOPMENT REQUESTS PLANNED FOR SULTAN VISIT

REF: SANA 0743

SUMMARY: MORE DETAILS ON YARG AGENDA FOR SULTAN VISIT.

1. AS REPORTED REFTTEL, YARG ECONOMIC AGENDA FOR SULTAN VISIT INCLUDES REQUEST FOR FUNDS TO DEVELOP SALIF PORT WHICH, ACCORDING TO YAR DEP PRIME MINISTER YAHYA JAGHMAN, IS PRESENTLY EXPECTED TO COST ABOUT \$150 MILLION.

2. SPEAKING TO CHARGE ON MARCH 1 JAGHMAN ALSO SAID THAT SAUDI YEMEN JOINT VENTURE IN AIRLINE WILL NOT RPT NOT BE DISCUSSED, NOR DID HE EXPECT INCREASED BUDGET SUBSIDIES TO BE ON AGENDA. " IT'S TOO SOON STILL FOR THESE SUBJECTS," SAID JAGHMAN. AHMED ABDO SAID, ON OTHER HAND, SAID ON MARCH 2 THAT DEFICIT IN NEW BUDGET WILL BE YR 500 MILLION (ABOUT \$110 MILLION) OR ALMOST TWICE PRESENT SAUDI BUDGET SUPPORT OF \$60 MILLION.

3. JAGHMAN SAID YARG WILL SEEK ADDITIONAL SAUDI FUNDS FOR ELECTRIFICATION IN HODEIDA, TAIZ,

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SANA TRIANGLE, FOR WHICH SAUDIS HAVE ALREADY LOANED

\$15 MILLION. JAGHMAN EXPECTS THE KUWAIT FUND AS WELL AS SAUDIS TO TAKE A LARGE SHARE IN THIS PROJECT, WHICH MAY REQUIRE \$100 MILLION MORE. JAGHMAN SAID DESIRED ELECTRIFICATION SYSTEM HAS SPURS TO THULA (HAMDI'S HOME TOWN NORTH OF SANA) AND JIHANA G(JAGHMAN'S HOME TOWN WEST OF SANA) AND IS ACTUALLY A "TRIANGLE OF ABOUT TEN SIDES."

4. ROAD BUILDING IN NORTH AND NORTHEAST WILL BE DISCUSSED, AS SAUDIS MUST APPROVE ACTUAL ROUTES. JAGHMAN SAYS THIS IS TO ALLOW SAUDIS TO "HELP THEIR FIRENDS UP THERE."

5. JAGHMAN SAYS YEMENIS HOPE TO BE NOTIFIED WHERE ROADS PLANNED ACTUALLY TO RUN FROM JIZAN AND JAJRAN SOUTH INTO YEMEN. CONTRACTS ARE EXPECTED TO BE TENDERED IN TWO MONTHS, AND WILSON-MURROW HAS DONE ALL DETAILED ENGINEERING UNDER STRICT UNJUNCTION NOT RPT NOT TO DIVULGE ACTUALL ROUTES.

6. FINALLY, YEMENIS WILL RAISE WITH SAUDIS REFINERY WHICH AGREED TO IN AUGUST. THIS IS \$300 MILLION PROJECT. SAUDIS HAVE TOLD PRIME MINISTER ABDAL AZIZ ABD AL-GHANI THAT MONEY IS ALLOCATED BUT WOULD BE MADE AVAILABLE ONLY IF YEMENIS DECIDED THAT PROJECT WOULD BE PROFITABLE AND ATTRACTIVE. ACCORDING TO JAGHMAN YEMENIS HAVE DECIDED, WANT TO BEGIN.

7. IN SEAPRATE CONVERSATION WITH PRIME MINISTER ABDAL AZIZ ABDAL GHANI ON MARCH 2 CHARGE WAS TOLD THAT AGENDA WORKED OUT TO COVER ROUGHLY SAME SUBJECTS AS JAGHMAN HAD MENTIONED BUT, ACCORDING TO ABDAL AZIZ, YARG DID NOT RPT NOT INTEND TO PUSH SAUDIS HARD ON NEW PROJECTS. THEY WOULD DISCUSS REFINERY FURTHER ASK TO SEE FEASIBILITY STUDIES WHICH SAUDIS HAVE HAD DONE BUT KEPT TO THEMSELVES TO DATE. THEY WOULD RAISE MATTER OF SALIF PORT DEVELOPMENT, BUT ABDAL AZIZ SAID HE SKEPTICAL THAT SAUDIS WOULD WANT TO DEVELOP FACILITY OUTSIDE THEIR NATIONAL TERRITORY. HE SAID THEY WOULD PROBABLY

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PREFER TO BUILD UP JIZAN, ALTHOUGH IT HAS NO RPT NO NATURAL ADVANTAGES AS PORT. HE SAID DISCUSSIONS OF ROADS WOULD BE LIMITED TO ASKING SAUDIS TO USE "SAVINR" ON THREE ROADS ALREADY AGREED TO (HUTH-HARAD, YARIM-DAMTH-QATABA, AND RADDA-BEYDA) TO SPIN OFF SOME FEEDER TOADS. HE SAID SAUDIS HAD AGREED TO PROVIDE SR 510 FOR THESE THREE ROADS, AND YEMENIS THOUGHT THIS MORE THAN ENOUGH FOR SEVERAL FEEDER ROADS.

8. ABDAL AZIZ ALSO SAID SAUDIS WOULD BE ASKED TO DISCUSS ONE NEW PROJECT: DEVELOPMENT OF FOUR WADIS (SURDUD, BANNA, HARAD (NORTH OF SANA) AND WADI HAMBLEY (WEST OF TAIZ ON ROAD TO MOCHA). FIRST STAGE IS FEASIBILITY STUDIES, WHICH WON'T BE TOO COSTLY: \$15-20 MILLION.

9. FINALLY, JAGHMAN, SPEAKING ON MARCH 2, SAID THAT HE WASN'T SURE WHEN SULTAN WAS COMING. HE THOUGHT MARCH 13-17. AHMED ABDO SAID THOUGHT MARCH 16-19. ABDAL AZIZ SAID "MID-MARCH".

COMMENT VISIT DATES OBVIOUSLY BEING BLOXSELY HELD, PERHAPS FOR SECURITY REASONS, BUT YEMENIS ARE READY WITH PROPOSALS. IF SAUDIS AGREE TO THESE PROJECTS, AND MOVE TO IMPLEMENT THEM, UPWARD CURVE OF DISBURSEMENTS CITED IN SANA 0588 WOULD GROW EVEN STEEPER, AND SHARPEN ALREADY SERIOUS QUESTIONS ABOUT LOCAL AND SAUDI ABILITY TO ADMINISTER AND STAFF SUCH LARGE PROJECTS. HOWZCEPON EVERYONE CONTACTED ABOVE AGREES ON ONE THING ABOUT SULTAN VISIT. HOWEVER IMPORTANT DEVELOPMENT AND MILITARY AID AND BUDGET SUPPORT, OVERRIDING SIGNIFICANCE OF VISIT IS THAT TOP RANKING SAUDI PRINCE IS FINALLY VISITING YEMEN. POLITICAL RECOGNITION WHICH SULTAN CONFERS ON YARG IS KEY TO GREAT SATISFACTION WHICH YEMENIS TAKE IN VISIT.
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